

The Strauss Group and the Israel Women's Network are proud to present:



THE CATALYST RESEARCH
STUDY IN ISRAEL:

WOMEN LEADING BUSINESS

The 2010 Israeli Census Report on Women's
Representation in Tel Aviv 100 Index Companies
March 2011



Diversity is an Opportunity



Abstract

The Strauss Group and the Israel Women’s Network are proud to present this report on the status of women serving in leadership positions in the Israeli labor market. The purpose of this Census is to create awareness of women’s representation in the executive managements of public companies in Israel, and to call on the leaders of public companies to embrace a policy of diversity and inclusion in general, and of women’s promotion in particular.

The use of Catalyst’s analytical tools enables us to collect data allowing for a world comparison, which will allow us to look at the situation in Israel compared to that in other countries. The findings of Catalyst’s research elsewhere in the world suggest that the integration and inclusion of women on the boards of directors and in the managements of public companies contribute to the improvement of those companies’ business results¹. The basic underlying assumption in the report is that the promotion of women to leadership positions – senior management and boards of directors – will pave the way for more women, and will influence a change in the labor market for all women and in the possibilities for their advancement in the organizational hierarchy. In recent years the need for diversity and inclusion in society at large and on the boards of directors of companies has increasingly made its way to the public agenda. The underlying argument for diversity is that thinking in a homogeneous group is liable to preclude the development of new ideas, and that the failure to look at reality from different perspectives is liable to lead to an incomplete view of reality.

Different research studies performed in different countries have examined how the appropriate representation of women on the boards of directors of companies contributes to the boards and to the business efficiency of those companies. For example, the results of a study that examined *Fortune 500* companies suggested that the greater the number of women on the board of directors, the better the company’s financial results. In other words, the inclusion of women on the board of directors contributes to the company’s improved financial performance².

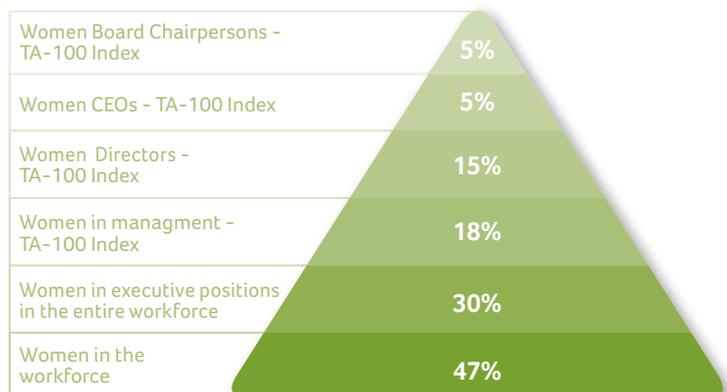
It has been further argued that business organizations need diversity and the promotion of women for the following main reasons: to provide a broader pool of talent, to prevent homogeneous thinking by the board of directors, to further the understanding of the customer (women as consumers), to promote a flexible, family-friendly labor market, and to fight discrimination against women at work.

The methodology used in this Census was developed by Catalyst and implemented for the first time in the U.S.A. in 1995. It provides an accurate and up-to-date picture of women’s standing in leading positions in the economy. Use of a uniform methodology enables us to also make international comparisons. The methodology was applied in Israel in accordance with the terms and conditions of the license granted to the Israel Women’s Network by Catalyst.

In the first stage, the methodology used in this Census is based on a simple count of the number of women in leading positions on the boards of directors and in the executive managements of public companies. To this end, companies traded in the Tel Aviv 100 Index on the Tel Aviv Stock Exchange were chosen.

Major findings

Census Pyramid – Tel Aviv 100 and Women in the Workforce in Israel 2010



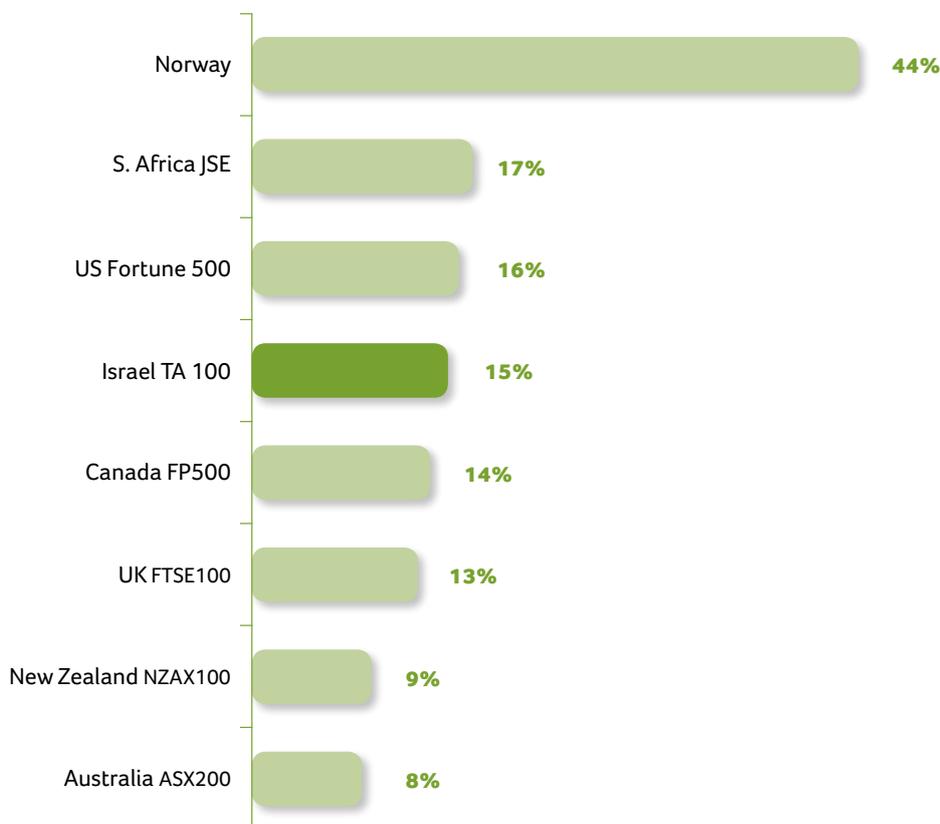
¹ Catalyst, 2007. *The Bottom Line: Corporate Performance and Women's Representation on Boards*.

² Ibid.



The pyramid clearly demonstrates the glass ceiling and the long way that lies ahead in order for women to have a share in key positions in businesses. The starting point at the bottom of the pyramid is equal: women account for around half of the workforce. Immediately after that, there is a sharp drop, with only 30% filling management positions in the economy as a whole. Despite the overall low percentage of women executives, it plummets even further when it comes to companies traded on the TA-100 Index, in which only 18% of women are management members and 15% are on the board of directors.

Percentage of Women on Boards of Directors - International Comparison



The rate of board seats occupied by women in Israel is 15%, somewhat lower than the percentages in the U.S.A. and South Africa, somewhat higher than those in Great Britain and Canada, and significantly higher than those in Australia and New Zealand. At the same time, attention is drawn to the high percentage of women serving on boards of directors in Norway. Norwegian legislation has enforced a 40% gender quota on the boards of directors of public companies, which has led to a jump in the rate of women on boards of directors from 13% to 44% within a short time.

On the one hand, these figures emphasize the Israeli reality, which is no different from that of most countries in the world; but on the other, they present an ideal to aspire to. Moreover, the data reinforce the argument that only through legislation can appropriate representation be advanced. However, the essence of this report is different – it aims to lead to a policy of women’s promotion to executive officer and board positions while creating a business and organizational environment that is aware of the many advantages of this strategy. The consensual adoption of this policy will render legislation superfluous and will create a business environment that promotes and supports women’s work, an environment that will influence the organization as a whole, and not only its management echelons.

Initiators of the Catalyst Census in Israel,
The Strauss Group & The Israel Women’s Network



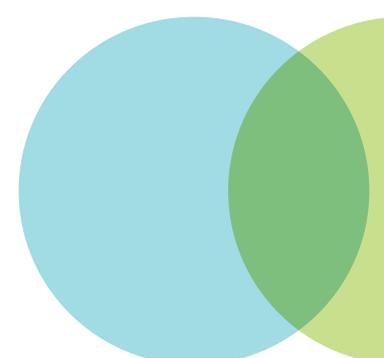
Israel's first Catalyst Census (Tel Aviv 100 Index 2010)

Companies with 25% or more Women Executive Officers

Company Name	Percentage of Women Executive Officers
Shikun & Binui	50%
Gazit	50%
Fibi	50%
Ormat	50%
Delek group	50%
Osem	46%
Golf	45%
Partner	42%
Union Bank	40%
Hot	36%
B Communications	33%
Bank Hapoalim	33%
Internet Gold	33%
ILDC Group	33%
BAZAN	33%
Protalix	33%
Matrix	33%
Granit	33%
Isramco	33%
Leumi	32%
Frutarom	29%
Israel Corp	29%
Teva	27%
Tower	27%
Netvision	27%
Migdal	26%
Ceragon	25%
J.O.E.L	25%
Airport City	25%
Jewish Colonial Trust	25%
Coor	25%

Companies with 25% or more Women Board Directors

Company Name	Percentage of Women Board Directors
B Communications	60%
Bank Hapoalim	46%
Strauss Group	45%
Electra	40%
Internet Gold	38%
Azrieli Group	38%
Mellanox	33%
FMS	33%
Alon Holdings Blue Square	33%
Shikun & Binui	33%
Melisron	30%
Gilat	25%
Alony-Hetz	25%
Alrov Israel	25%
Alrov Properties & Lodgings	25%
Apex	25%
IBC	25%
Rami Levy	25%





About Catalyst

Founded in 1962, Catalyst is the leading nonprofit membership organization expanding opportunities for women and business. With offices in the United States, Canada, and Europe, and more than 400 preeminent corporations as members, Catalyst is the trusted resource for research, information, and advice about women at work. Catalyst annually honors exemplary organizational initiatives that promote women's advancement with the Catalyst Award.

About the Strauss Group's Social Involvement

The Strauss Group has made it its mission to further the subject of diversity and inclusion. The Group operates on two levels in this context – on the intra-organizational level, a Diversity and Inclusion plan is carried out, in order to turn Strauss into a more diverse and all-embracing company in terms of its human capital.

On the social and public level, Strauss has chosen to focus its social investment strategy in on Diversity and Inclusion, expressed in the support and advancement of nonprofits and organizations that promote diverse populations in Israel and worldwide. This activity – both internal and external – helps Strauss to further an issue of Israeli and global significance.

About the Israel Women's Network – Leading Social Change

The Israel Women's Network is an independent, non-party affiliated nonprofit, which for the past 26 years has been a leader of social change in Israel. Its goal is to make Israel a gender-equal country in which all citizens, women and men, are given equal opportunities not just in theory, but also in practice. The IWN's long, unceasing journey in leading social change has been made simultaneously in different channels: legislation and enforcement; action for fair representation; education for gender equality; increased occupational options for women and women's empowerment; and promoting awareness of women's rights to the top of the public agenda.

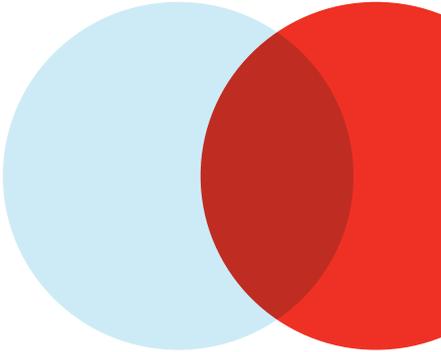
The IWN is one of the few Israeli organizations to have earned an advisory position on the United Nations Economic and Social Council (ECOSOC), a position that strongly reinforces its activity and enables monitoring of the Israeli government's actions with respect to its obligations under the International Treaty for the Rights of Women.

The Israel Women's Network leads a process of social change designed to create a more just and equal society: a society in which women – regardless of religion, race and origin – shall be of equal status, as a basic right.



TABLE OF CONTENTS

- 1. Theoretical Introduction08
- 2. Methodology.....08
- 3. Detailed Findings.....09
 - 3.1 Women in Management10
 - 3.2 Tel Aviv 100 Companies with Women as Member s of Management11
 - 3.3 Percentage of Chief Executive Officer Positions Staffed by Women11
 - 3.4 International Comparison – Women in Management.....12
 - 3.5 Women on Boards of Directors.....12
 - 3.6 Women as Chairperson of the Board13
 - 3.7 Percentage of Companies with Women Members of the Board of Directors.....14
 - 3.8 Women who are Members of More than One Board of Directors15
 - 3.9 International Comparison – Women on Boards of Directors.....16
- 4. Theoretical Review by the Israel Women’s Network17
 - 4.1 The Contribution of Diversity17
 - 4.2 The Contribution of Gender Diversity: the Contribution of Women on Boards of Directors.....18
 - 4.3 The Contribution of Gender Diversity in Management: the Female Management Style.....18
 - 4.4 Barriers to Gender Diversity.....19
 - 4.4.1 The Traditional Gender Division of Labor.....19
 - 4.4.2 Social Image in the Job Market and in Society20
 - 4.5 World Legislation and Procedures for the Advancement of Gender Diversity on Boards of Directors ...20
 - 4.5.1 Norway20
 - 4.5.2 United States20
 - 4.5.3 Canada20
 - 4.5.4 Great Britain.....21
 - 4.5.5 Australia.....21
 - 4.5.6 Israel.....21
 - 4.6 Where Are All the Women?21





1. Theoretical Introduction

In the Israel of 2011, the road to equality for women in the workforce is still a long one. For example (unchanged in the past twenty years), about half of all women work in six traditional female occupations characterized by low wages³; women account for only one-third of all people employed in the hi-tech industry; and 18.4% were unable to find full-time employment in spite of their desire and need⁴. A final fact demonstrating that in the Israel of 2011 the road to parity in the work world is still long is the difference in hourly salary between men and women – with women earning 83% of a man's salary⁵.

This report is part of the long path towards women's promotion in the labor market in general and in key business positions in particular, and its main function is to raise awareness of the situation of women in the Israeli job market. We believe that promoting women to key positions will pave the way for more women, and will influence a change in the labor market for all women in the organizational hierarchy.

Use of the analytical tools provided by Catalyst gives us the ability to collect data allowing for a world comparison. As such, in subsequent research, we will be able to study how the integration and inclusion of women in the boards of directors and executive managements of public companies in Israel contributes to the company's improved business performance as seen in Catalyst's studies in other countries⁶.

This Census Report examines the numerical representation of women in key positions, and although it refers to "quantity", it also provides evidence of "quality". Catalyst's studies in the U.S.A. suggest that gender diversity⁷, which is defined in this Report as the inclusion of women in key business positions, is not only imperative in the post-feminist revolution world, but is also beneficial to the company's profitability. This subject is presented in detail in the theoretical section of the Report.

The findings, which are presented on the following pages, merit a mediocre grade. They refer to an existing, but poor, representation of women in executive managements and on boards of directors, especially in relation to their percentage of the workforce.

This Census aims to provide a warning note regarding the paucity of women's representation in the companies traded on the Tel Aviv Stock Exchange.

We hope that this Report will prompt each and every company to do some honest soul searching, and motivate it to take action to change the status quo in order to eradicate discrimination against women in the labor market and to increase its own profitability.

Yahel Ash Kurlander
Director, Research and Information Center, the Israel Women's Network

2. Methodology

The methodology used in this Census was developed by Catalyst and implemented for the first time in the U.S.A. in 1995. It provides an accurate and up-to-date picture of women's standing in leading positions in the economy. Use of a uniform methodology enables us also to make international comparisons. The methodology was applied in Israel in accordance with the terms and conditions of the license granted to the Israel Women's Network by Catalyst.

³ The six occupations are "nannies/caregivers", "elementary school and kindergarten teachers and social instructors", "secretarial employees", "salespersons and models", "other clerks", and "building cleaners, kitchen workers and laundry workers" [Central Bureau of Statistics (CBS), 2010, Anthology of Data for Women's Day, March 2010].

⁴ CBS, 2010, Anthology of Data for Women's Day, March 2010.

⁵ Ibid.

⁶ Catalyst, 2007. *The Bottom Line: Corporate Performance and Women's Representation on Boards*.

⁷ "Gender" is the social interpretation of "sex" – a woman is not born a woman; she learns to be a woman. It is customary to say "gender diversity" when referring to the appropriate representation of men and women, but it should be noted that there are additional genders besides male and female, so that "gender diversity" also means the gay spectrum. Despite this, in this Report use of the term "gender diversity" refers to its common meaning in the public dialogue – the fitting representation of both sexes.



The procedure utilized in this Census is based on a methodology of counting the number of women in positions on the boards of directors and in the executive managements of public companies⁸. To this end, companies traded in the Tel Aviv 100 Index on the Tel Aviv Stock Exchange were chosen. The TA-100 is an index that represents the aggregate change in the prices of the 100 shares with the highest market value traded on the Tel Aviv Stock Exchange, subject to the Index's threshold conditions. The Index reflects the state of the Israeli economy as a whole, because it is composed of the shares of the largest, most highly-traded companies in the economy.

The Geocartography Knowledge Group examined the official information of all companies in the TA-100 Index as presented in the records of the Securities Authority, as provided directly by the Tel Aviv Stock Exchange and as published on its website⁹. The data were also sent to the companies for verification, with a response rate of 75% of the companies verifying the data. In line with accepted practice in an analysis of this kind, the data in this Report are last year's figures, relating to 2010.

The use of a similar methodology allows for the presentation of this Census in comparison with other countries where it is conducted, such as the U.S.A., Canada, South Africa, Great Britain, Japan and Australia.

3. Detailed Findings

Figure 1: Census Pyramid – Tel Aviv 100 Women in the Workforce in Israel 2010¹⁰



The pyramid clearly demonstrates the glass ceiling and the long way that lies ahead in order for women to have a share in key positions in businesses. The starting point is equal: women account for around half of the workforce. Immediately after that there is a sharp drop, with only 29.6% filling management positions in the economy as a whole. Despite the overall low percentage of women executives, it plummets even further when it comes to companies traded on the TA-100 Index, in which only 18% of women are management members and 15% are on the board of directors.

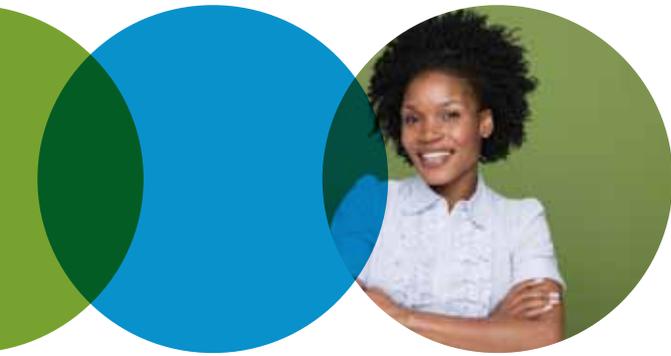
The top of the pyramid demonstrates that women who succeeded in breaking through the glass ceiling are women of determination and ability, as evidenced by the relatively high percentage, compared to their general representation, of female CEOs and chairpersons of the board, 5%.

⁸ For this purpose, the term "executive management" has the same meaning as that ascribed to it by the required reporting of Israeli companies to the Securities Authority: positions of Vice-President level and higher.

⁹ This research method is inherently limited somewhat by our reliance on the data reported to the Securities Authority. In a situation where a company's structure is complex (including subsidiaries, for example), we were able to measure the data only of the single entity of which such reporting is required.

Of the 100 companies that comprise the TA-100 Index, 28 are dual-registered (meaning they are registered both in Israel and internationally). For these 28 companies, we independently collected the data for this Census, utilizing public reporting data as published on the websites of these companies.

¹⁰ Women in the workforce and in management positions are based on CBS figures for 2009 – Table 2.23 Employees by Occupation, Status at Work and Gender.



3.1 Women in Management

Women fill 18% of executive positions in the one hundred companies on the TA-100 Index.

Out of 937 management positions, women hold 170.

On average, there are 9.4 management members in each company, and 1.7 of them are women.

Figure 2: Tel Aviv 100 Companies' Managements According to Gender

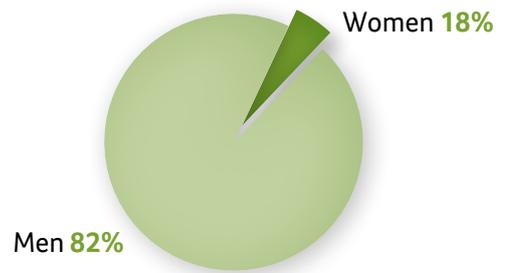
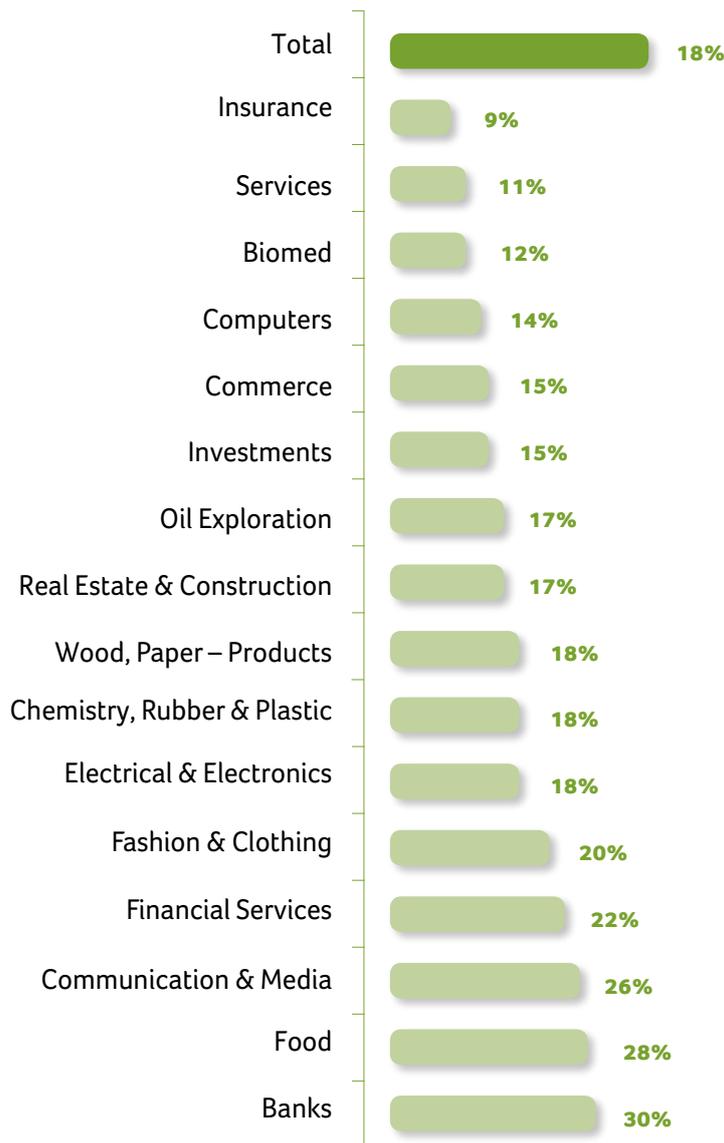


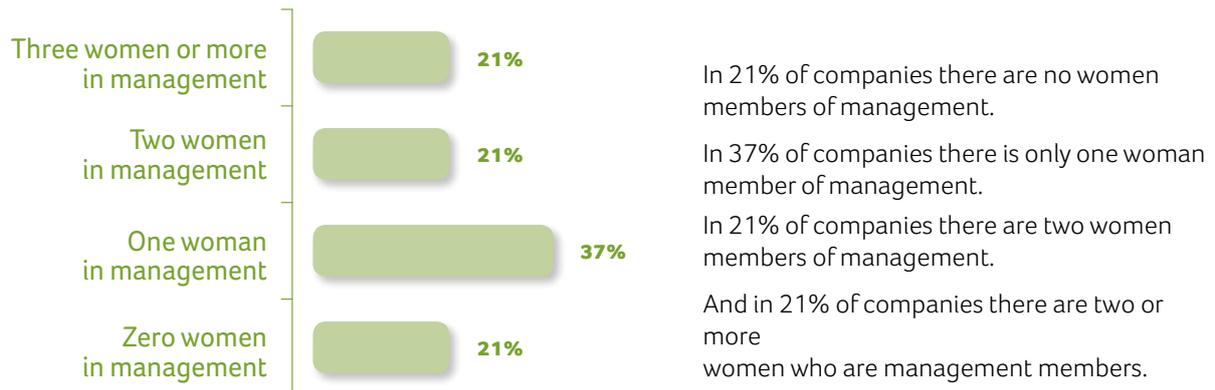
Figure 2.1: Percentage of Women Members of Management -According to Industry Sector





3.2 Tel Aviv 100 Companies with Women as Members of Management

Figure 3: Percentage of Companies According to the Number of Women Members of Management

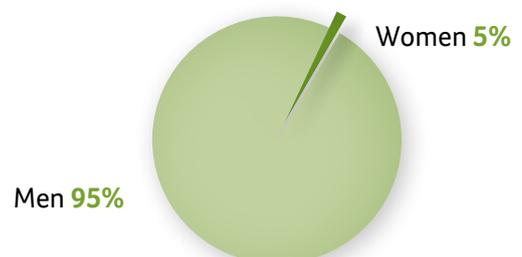


As one can see, in about half of the companies the rate of women who are management members is between zero and one. This is also true of most companies when one looks at the number of women on the board of directors. This suggests that gender diversity is random at best and a “fig leaf” at worst, and does not point to the elimination of discrimination and a change of policy. Moreover, according to a McKinsey study¹¹, in managements and/or boards where the number of women is less than three out of ten members, no impact of the inclusion of women is evident. This means that in the TA-100 Index only 21% of companies may benefit from the influence of women in management, and only 9% of these companies may benefit from their influence on the board of directors.

Studies¹² show that one woman alone has limited influence, and her opinion is labeled a “female opinion”. There are even cases where she is distanced from the corporate circle and from the decision-making process. Two women on the board help each other to make themselves heard, even if they disagree, but still their opinions are tagged “female opinions” and consequently, their impact is limited. Three or more women already cause a revolution – their opinion is no longer perceived as a “female opinion”, especially since they are sometimes divided in their opinions and begin to be treated as individuals.

3.3 Percentage of Chief Executive Officer Positions Staffed by Women

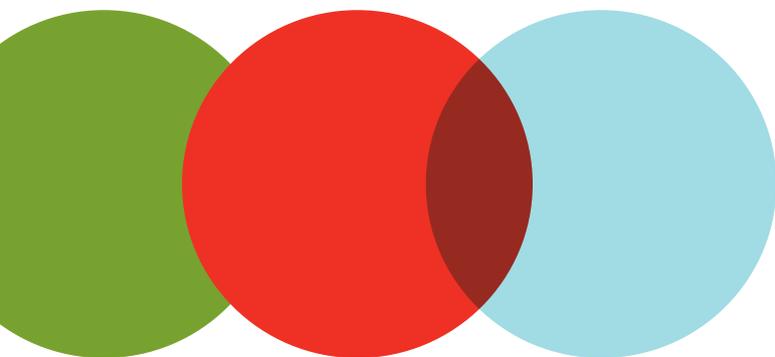
Figure 4: Percentage of CEO Positions Staffed by Women



When the data are analyzed in depth, it is evident that although only 18% of women are represented in executive positions in the TA-100 Index, 5% of them have reached the top of the management pyramid, a fact that attests to the competencies and determination of these women and others who have succeeded, glass ceiling notwithstanding, in reaching key positions. At the same time, it is our duty to raise a red flag and protest against the minimal presence of women who are management members and women serving as CEO.

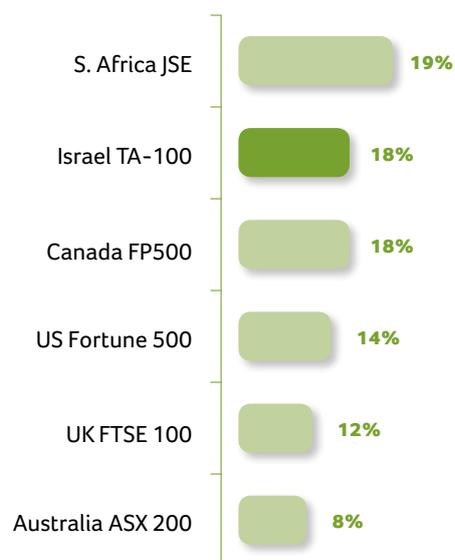
¹¹ McKinsey & Company, *Women Matter, Gender Diversity, a Corporate Performance Driver* (2007) http://www.mckinsey.com/locations/swiss/news_publications/pdf/women_matter_english.pdf

¹² Vicki W. Kramer, Alison M. Konrad, Sumru Erkut, *Critical Mass on Corporate Boards: Why Three or More Enhance Governance*. <http://www.wcwonline.org/pdf/CriticalMassExecSummary.pdf>



3.4 International Comparison – Women in Management

Figure 5: Percentage of Women in Management – International Comparison



In an international comparison, Israel has a relatively high place but could aspire to a higher position.

** The data for the international comparison is taken from these web-sources:

USA: http://www.catalyst.org/file/413/2010_us_census_women_board_directors_final.pdf

http://www.catalyst.org/file/412/2010_us_census_women_executive_officers_and_top_earners_final.pdf

Canada: http://catalyst.org/file/420/2010_financial_post_500_women_senior_officers_and_top_earners_final.pdf

South Africa: <http://www.bwasa.co.za/Portals/4/docs/BWACensus2010Report.pdf>

Australia: http://www.eowa.gov.au/Australian_Women_In_Leadership_Census/2010_Australian_Women_In_Leadership_Census/Media_kit/EOWA_2010_Census_Full.pdf

UK: <http://www.som.cranfield.ac.uk/som/dinamic-content/research/documents/FemaleFTSEReport2010.pdf>

3.5 Women on Boards of Directors

15% of directors' positions in the 100 companies in the TA-100 Index are filled by women.

128 seats on the boards of directors are filled by women¹³, out of a total of 852 seats.

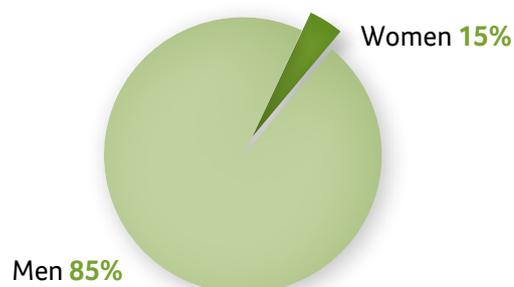
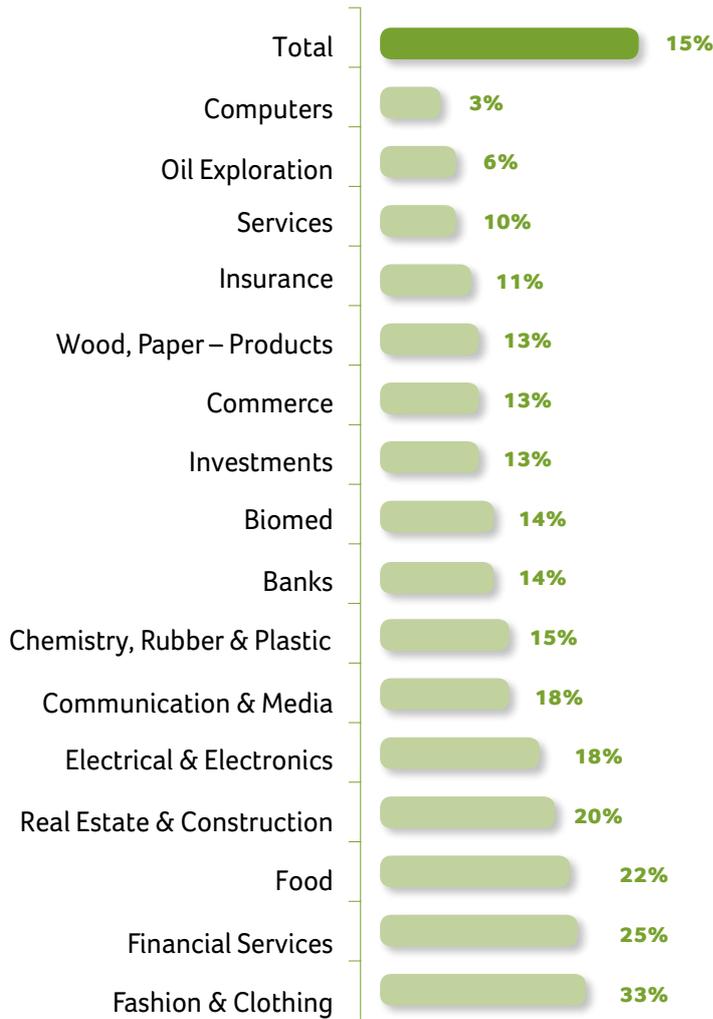


Figure 6: Directors of Tel Aviv 100 Companies by Gender

¹³ In actual fact there are only 104 women and not 128, and 601 men occupying 724 seats filled by men, as according to the law a man/woman may hold more than one seat on the board. See section 3.8.



Figure 6.1: Percentage of Women Directors- According to Industry Sector



3.6 Women as Chairperson of the Board

In 5% of the companies women serve as chairperson of the board.



Figure 7: Percentage of Chairperson of the Board Positions staffed by Women

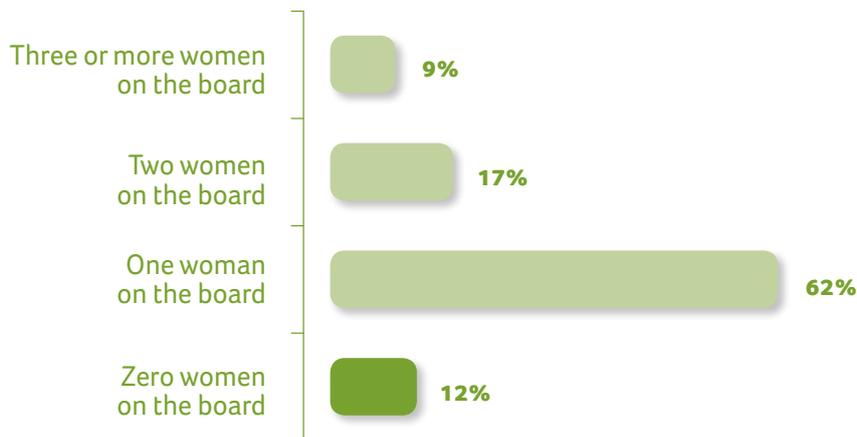
Men 95%



3.7 Percentage of Companies with Women Members of the Board of Directors

In 88% of the TA-100 companies there is at least one woman on the board of directors.
 In 62% of the TA-100 companies there is only one woman on the board of directors.
 In 17% of the TA-100 companies there are two women on the board of directors.
 And in 9% of the TA-100 companies there are three or more women on the board of directors.

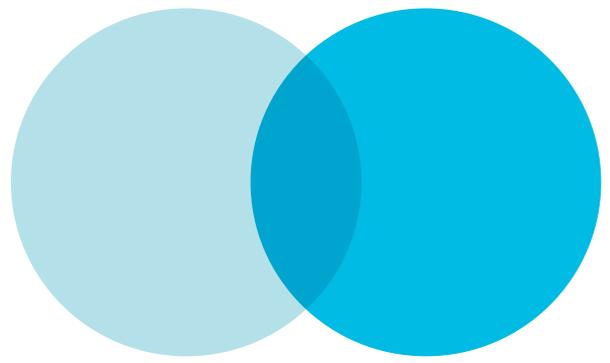
Figure 8: Percentage of Companies According to the Number of Women on the Board of Directors



As mentioned, one woman or two are not enough to create gender diversity. Studies performed by Kramer, Conrad & Erkut¹⁴ show that *three or more women on the board* contribute to corporate governance in at least three ways:

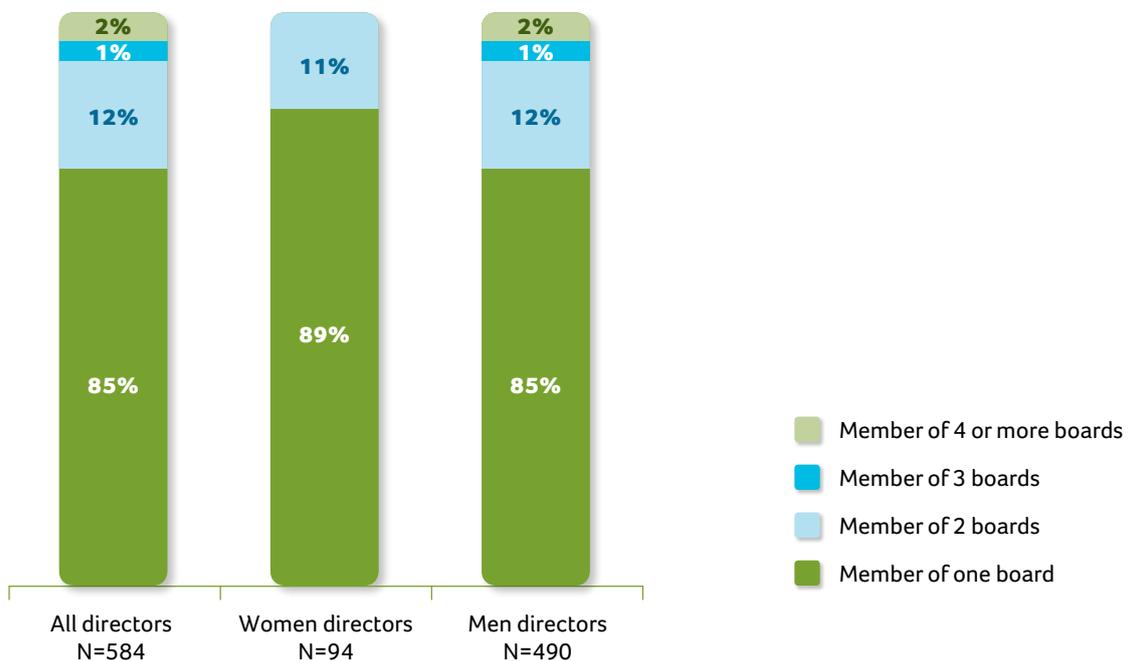
- Board discussions also include reference to stakeholders (employees, customers, suppliers, community) and not only to shareholders.
- The probability of problematic subjects being overlooked decreases, which improves decision-making.
- The dynamic on the board of directors is more open and inclusive, which helps management make reference to the board of directors without being on the defensive.

¹⁴ Vicki W. Kramer, Alison M. Konrad, Sumru Erkut, *Critical Mass on Corporate Boards: Why Three or More Enhance Governance* <http://www.wcwonline.org/pdf/CriticalMassExecSummary.pdf>



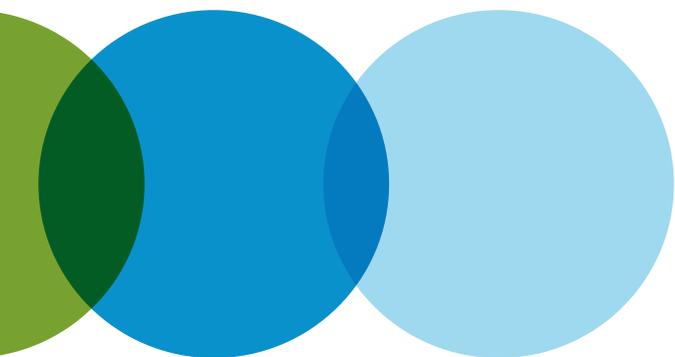
3.8 Women who are Members of More than One Board of Directors

Figure 9: Percentage of Women who are Members of More than One Board of Directors



Israeli law (the Companies Law, 1999) permits service on more than one board of directors, but 85% of all directors are members of only one board. The gender division in this context is 15% of men are members of more than one board, compared to 11% of women.

In absolute figures, out of 128 board seats occupied by women, in practice they are occupied by only 104 women, a fact that may attest to not enough effort being made to locate a suitable number of women who merit board positions. Moreover, as there is a preference for experienced directors, this fact demonstrates the obstacle to bringing about a change in gender diversity and to the entrance of more women to key positions.

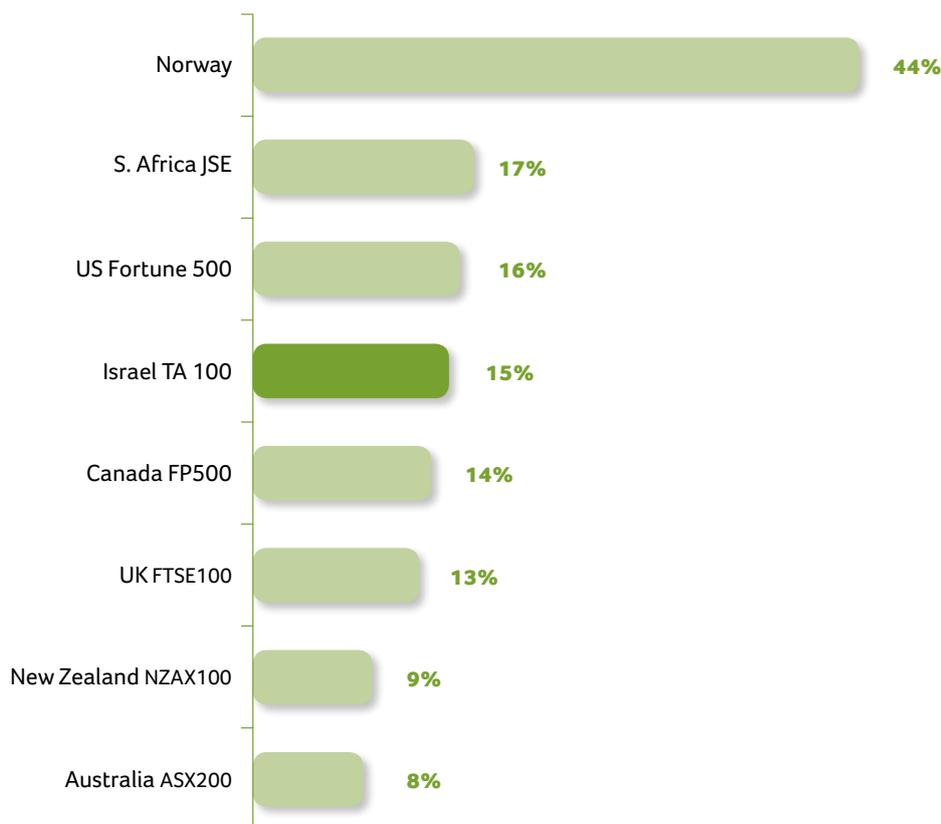


3.9 International Comparison – Women on Boards of Directors

The rate of board seats occupied by women in Israel is 15%, somewhat lower than the percentages in the U.S.A. and South Africa, somewhat higher than those in Great Britain and Canada, and significantly higher than those in Australia and New Zealand.

At the same time, attention is drawn to the high percentage of women serving on boards of directors in Norway. Norwegian legislation has enforced a 40% gender quota on the boards of directors of public companies (using enforcement tools such as the dissolution of companies that do not comply with the provisions of the law), which has led to a jump in the rate of women on boards of directors from 13% to 44% within a short time. The Norwegian case demonstrates that when companies are obligated to appropriate representation, suitable and talented women are found, and that the hackneyed phrase, "there aren't any suitable women around", is irrelevant¹⁵. Furthermore, the Norwegian example shows that recommending that women be included on boards of directors is not enough to create a significant change, and that only through legislation can the process be expedited. Reference to legislative actions initiated in various countries is made in section 4.5.

Figure 10: Percentage of Women on Boards of Directors – International Comparison**



** The data for the international comparison is taken from these web-sources:

USA: http://www.catalyst.org/file/413/2010_us_census_women_board_directors_final.pdf

http://www.catalyst.org/file/412/2010_us_census_women_executive_officers_and_top_earners_final.pdf

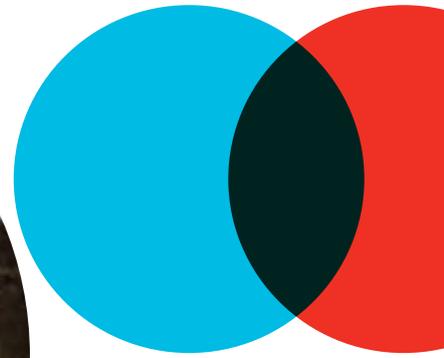
Canada: http://catalyst.org/file/369/2009_fp500_core_report_final_021910.pdf

South Africa: <http://www.bwasa.co.za/Portals/4/docs/BWACensus2010Report.pdf>

Australia: http://www.eowa.gov.au/Australian_Women_In_Leadership_Census/2010_Australian_Women_In_Leadership_Census/Media_kit/EOWA_2010_Census_Full.pdf

UK: <http://www.som.cranfield.ac.uk/som/dinamic-content/research/documents/FemaleFTSEReport2010.pdf>

¹⁵ See section 4.5.

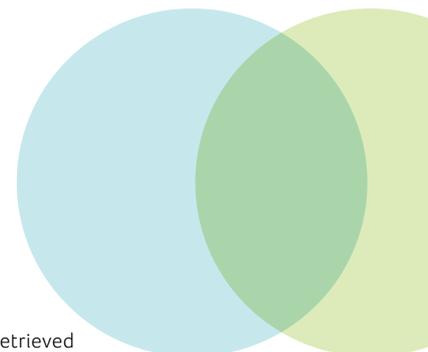


4. Theoretical Review by the Israel Women's Network

4.1 The Contribution of Diversity

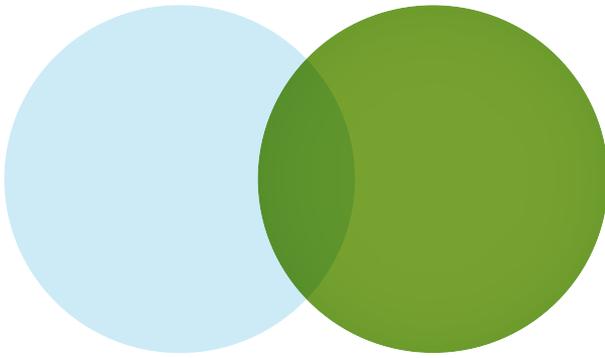
In recent years the subject of diversity in general, and in boards of directors of companies in particular, has become a key topic in the public and organizational dialogue. In our context, diversity on the board of directors may refer to a great many characteristics, both tangible (e.g. sex, age, ethnic origin, socioeconomic status, cultural background, formal education, technical skills and professional expertise) and intangible (e.g. life experience, perspective or personal attitude). The underlying argument for diversity is that thinking in a homogeneous group is liable to preclude the development of new ideas and the testing of reality from different personal angles, and consequently, it does not permit a complete view of reality. In balanced groups, the minority has the potential to influence management's actions in ways that increase opportunities for success¹⁶.

The importance of variance and diversity can be explained by the common perception that the success of an organization is a derivative of its resources and potential, so that the more the organization succeeds in tapping its potential more fully, the more it will advance and develop. In organizations with a high level of diversity in their staff, the number of alternatives proposed in order to solve a problem was greater, and the quality of the ideas and the response to a complex assignment were better. Additionally, when the intra-organizational population is diverse, it better matches the composition of the extra-organizational population, and therefore has a better ability to respond to the variety of customer needs¹⁷.



¹⁶ Kark, Ronit, 2009. *What Kind of Leader? The Relationship between Management, Leadership and Gender*. Retrieved from Female Spirit: http://www.ruach-nashit.org.il/sub_page.asp?sp=84&p=23

¹⁷ Ibid.



4.2 The Contribution of Gender Diversity: the Contribution of Women on Boards of Directors

The most basic form of diversity that exists in humankind is gender diversity. As we demonstrate below, different studies have examined how the appropriate representation of women on boards of directors of companies in different countries contributes to the boards and to the business efficiency of those companies. One of the most cited research studies is the Catalyst study, *The Bottom Line: Corporate Performance and Women's Representation on Boards*¹⁸. The study examined *Fortune 500* companies, and the results showed that the greater the number of women on the board of directors, the better the company's financial results. In other words, the inclusion of women on the board of directors contributes to the company's improved financial performance. Another study of 2008 by researchers Renee Adams and Daniel Ferreira demonstrated the qualities women bring to the board of directors. For example, women are less absent from board meetings and, as a result, so are men. Women perform more monitoring roles, expressed, for example, in their participation on committees such as the audit committee, nominating committee and corporate governance committee – a fact that increases the organization's internal control and attests to the desire for its improvement¹⁹. An additional study of 2006 found that women contribute to changes in the conduct of boards of directors on which they serve: women bring an inclusive management style that increases attentiveness, support, and the effort to achieve win-win solutions to problems. Women do not refrain from discussing controversial subjects, they ask more difficult questions than men and demand detailed, direct answers. Women bring new, important issues to the discussion table and think about the stakeholders' perspective²⁰.

The five main reasons why gender diversity contributes to businesses and the economy were summarized by the British Minister for Women and Equalities²¹:

- 1. Pool of talent.** To advance the economy, it is important that officers in leading businesses will be chosen from a pool of talent that is as broad as possible, and not only from the “old boy” network.
- 2. Group thinking.** In homogeneous boards comprising directors of equal background and experience, there is a real concern of group thinking. Gender diversity (like ethnic diversity, educational diversity, etc.) is likely to contribute to a more productive board discussion.
- 3. Understanding the customer.** Women represent an increasingly bigger share of consumers and therefore diverse boards of directors understand the consumer better.
- 4. A family-friendly workforce.** In today's world, there is a desire for a family-friendly labor market. It is hard to accomplish this goal if the decision makers in corporations are men only, who traditionally take a smaller role in the responsibilities of the household and raising children.
- 5. Women's rights.** Women account for 50% of the population, and the absence of women on boards of directors is discrimination.

4.3 The Contribution of Gender Diversity in Management: the Female Management Style

As a result of various social processes, men and women have developed different ways of dealing with challenges. Femininity, which is characterized in society by qualities of empathy, sensitivity, attentiveness and teamwork, is reflected in a female managerial style which is different to its male counterpart. Female management is rounded, less hierarchic, inclusive, empathic, focused on interpersonal communication and displays tolerance for processes.

¹⁸ Catalyst, 2007. *The Bottom Line: Corporate Performance and Women's Representation on Boards*
<http://www.catalyst.org/file/139/bottom%20line%202.pdf>

¹⁹ Renne B. Adams & Daniel Ferreira, 2008. *Women in the Boardroom and their Impact on Governance and Performance* forthcoming in the Journal of Financial Economics http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1107721

²⁰ Vicki W. Kramer, Alison M. Konrad, Sumru Erkut, *Critical Mass on Corporate Boards: Why Three or More Enhance Governance*
<http://www.wcwoonline.org/pdf/CriticalMassExecSummary.pdf>

²¹ The Female FTSE Report 3 (2009) <http://www.som.cranfield.ac.uk/som/dinamic-content/research/documents/ft2009.pdf>



Female management is based on sensitivity to the other, the expression of emotions, nurturing and empowerment²². Women who manage in the female style will decide together with team members and will accompany them closely along the entire process until the result is achieved. According to various female researchers, a management style such as this can be a significant advantage in creating high cohesion in the organization, employee engagement, high ethics and the organization's success²³. Generally, women's representation in the labor market expresses their social-economic power. In recent years there has been a rising trend in women's representation in management echelons, but this trend is not compatible with the percentage of women entering the workforce²⁴.

4.4 Barriers to Gender Diversity

Women leaders aspiring to reach key positions in businesses encounter the "glass ceiling". The glass ceiling is a feminist term that refers to an invisible barrier preventing women from advancing to leadership positions because they are women rather than for professional or personal reasons. Besides pure discrimination, the glass ceiling is composed primarily of two barriers.

4.4.1 Barrier #1: The Traditional Gender Division of Labor

Despite the equality myth that prevails in Israel about female laborers and pioneers in the days of the founding of the State²⁵, generally speaking, until the 1970s there was a prominent division of roles in Israel, with men being the main providers and women in charge of the household. As a result of the Six Day War, economic growth and other social processes, a shortage of manpower in the labor market was created, and women began to fit in more predominantly²⁶. Today too, there is, as a rule, no equal division of duties in the household, and women are perceived as primarily responsible for the home. Consequently, women who have joined the workforce come home from their job to a "second shift" – at home²⁷. The social and organizational structure, which requires that women be committed to the job and the home, creates a zero-sum game for women, who are forced to choose between a career and family on a daily basis. Moreover, there is a social perception that claims that women are "second providers" and their commitment is first and foremost to the family, as opposed to men, who, as the main breadwinners, are committed to their jobs²⁸. The social demand made of women to combine their work outside of the home with their work inside the home creates a situation in which women find it hard to meet the overtime standard imposed by a business structure more traditionally suited to the work patterns of men. This leads to women being in a place that is inferior to men, when the common organizational perception today is that the employees' contribution is measured in terms of their availability to the workplace, rather than in terms of their efficiency and output²⁹.

²² Kark, Ronit and Bloom, R., 1999. *A Unique Attempt to Break the Glass Ceiling in Organizations*, Status, the Magazine for Managerial Thinking, 89, 29-34

²³ Kark, Ronit, 2009. *What Kind of Leader? The Relationship between Management, Leadership and Gender*. Retrieved from Female Spirit: http://www.ruach-nashit.org.il/sub_page.asp?sp=84&p=23

²⁴ Kark, Ronit and Bloom, R., 1999. *A Unique Attempt to Break the Glass Ceiling in Organizations*, Status, the Magazine for Managerial Thinking, 89, 29-34

²⁵ See for example the studies by Professor Deborah Bernstein and Professor Dafna Izraeli.

²⁶ Eisenstadt, Mimi and Gal, John, 2001. *Gender in the Israeli Welfare State: Developments and Issues*. Jerusalem, the Center for Social Policy Studies in Israel.

²⁷ Machung, A., & Hochschild, A. R. (2003). *The Second Shift: Working Families and The Revolution At Home*. London: Anchor Books.

²⁸ Izraeli, Dafna, 1999. *Genderization in the World of Work*. In Izraeli, D. et al, Sex, Gender, Politics. Tel Aviv: Hakibbutz Hameuchad, Kav Adom.

²⁹ Hochschild, A. R. (2001). *The Time Bind: When Work Becomes Home and Home Becomes Work*. New York: Henry Holt and Company.



4.4.2 Barrier #2: Social Image in the Job Market and in Society

According to Ronit Kark's research (1999)³⁰, participation in the workforce in general and a career in a senior position in particular create financial independence and power, but women encounter different social obstacles in accomplishing this goal. Many women with a demanding career encounter moral/social censure for "failing to realize their natural calling in life" as mothers, as opposed to mothers who encounter doubt in their motherly ability³¹. Moreover, the dominant image of the ideal business leader is a masculine one, perceived as powerful, forceful, rational, authoritative, competitive and possessing analytical skills. Women in executive positions are forced, sometimes unawares, to adopt masculine characteristics and behavior in order to comply with the masculine image of an executive. But this is a double-edged sword: Women who behave in this way were perceived as less effective and esteemed than women characterized by a female managerial style. This creates a Catch-22 situation for women: The image of the good executive is masculine, but women who act that way risk meeting with a lack of appreciation.

4.5 World Legislation and Procedures for the Advancement of Gender Diversity on Boards of Directors

A variety of different legislative initiatives, which are presently in various stages of legislation, have been adopted in different countries, imposing an obligation to appoint women to the board of directors of public companies. These means range from cogent legislation (which cannot be conditioned upon), which obligates the inclusion of women on boards of directors and imposes severe sanctions if this obligation is breached, to legislation that calls for the inclusion of women on boards of directors but includes no sanction in respect of violation, and even for the addition of provisions relating to gender diversity on boards of directors to the code of corporate governance. Following are examples from the countries with which an international comparison to Israel was made in this Report.

4.5.1 Norway. Norway is the first country to have enacted a law mandating the inclusion of women on boards of directors. In 2003 an amendment to the Norwegian Public Limited Companies Act³² was passed, pursuant where to publicly traded companies are required to create a gender balance on their boards of directors. The Israel Women's Network is presently advancing a bill based on this law. For more information, see section 4.5.6.

4.5.2 United States. On December 16, 2009, the Securities and Exchange Commission (SEC) published an amendment to a rule, pursuant where to in the proxy published prior to a general meeting at which directors will be elected as well as in other disclosure documents, disclosure is required as to "whether, and if so how, a nominating committee considers diversity in identifying nominees for director"³³. In the explanation of the rule, it was stated that as different companies define diversity differently, from different perspectives (professional diversity, educational diversity, diversity in skills, race, nationality, gender, etc.) the rule does not include a definition of the term.

4.5.3 Canada. Although the Employment Equity Act does not discuss diversity on boards of directors, the law covers four protected groups (i.e. requiring or encouraging preferential treatment in employment practices) in industries identified as "masculine" as well as among suppliers to the Canadian government: women, minorities, aborigine peoples and people with disabilities. The law requires that organizations measure, monitor and publish information on equality for these populations. The information is public, particularly in organizations such as banks, which promote protected groups as they compete for places in the ranking of employers honoring the regulations³⁴.

4.5.4 Great Britain. The UK Corporate Governance Code of 2010 requires that the search for candidates for the

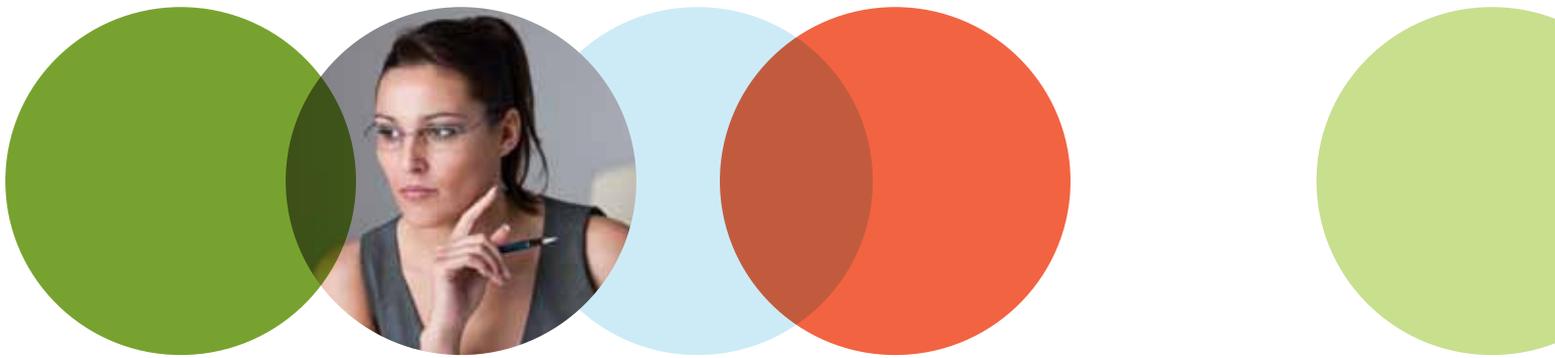
³⁰ Kark, Ronit, 2009. *What Kind of Leader? The Relationship between Management, Leadership and Gender*. Retrieved from Female Spirit: http://www.ruach-nashit.org.il/sub_page.asp?sp=84&p=23

³¹ Tamir, Tal, 2007. *Women in Israel 2006: Between Theory and Reality*. Tel Aviv: The Israel Women's Network, p. 236.

³² Norwegian Public Limited Liability Companies Act
http://www.oslobors.no/ob_eng/Oslo-Boers/Regulations/Acts

³³ SEC Release 33-9089, Proxy Disclosure Enhancement
<http://www.sec.gov/rules/final/2009/33-9089.pdf>

³⁴ Employment Equity Act (Department of Justice, Canada 1995, c. 44)
<http://laws.justice.gc.ca/en/e-5.401/index.html>



position of director and nominations must be made according to objective criteria, on the basis of merit, taking into consideration the benefits of diversity on the board of directors, including gender diversity³⁵.

4.5.5 Australia. The procedure for selecting directors in public companies listed for trading in Australia is subject to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The rules require companies to report on an "if not, why not" basis. In December 2009, the ASX Corporate Governance Council recommended the expansion of the requirements in this context, so that listed companies would be required to apply the "if not, why not" principle regarding the diversity policy on the board of directors³⁶.

4.5.6 Israel. Israel's Companies Law (1999) requires that all public companies appoint two outside directors. If, on the date an outside director is appointed, all the members of the board of directors are of one gender, the outside director appointed must be of the other gender³⁷. In 1993, at the initiative and under the leadership of the Israel Women's Network, a law was enacted mandating the appropriate representation of women on the boards of directors of government companies. Following the enactment of the law, the percentage of women soared from 7.16% in 1993 to 43% in August 2009³⁸. A government bill has recently been submitted to the Knesset on this subject.

4.6 Where Are All the Women?

The main argument voiced by those who oppose gender inclusion is that there are not enough suitable women to fill board and senior executive positions. This argument is challenged by a number of facts: women form the majority in higher education in all academic degrees, and sufficiently so in degrees that are popular in terms of board requirements – law, business and management sciences³⁹; and the existence of dozens of courses in recent years to train women for board duties.

This review raises the argument that appropriate representation and increased inclusion of women in the managements and boards of directors of public companies will not only serve social and gender goals, but also – and mainly – organizational, business and economic goals.

Modern economy is characterized by dynamism, global consumers, fast-changing trends, flexible and matrix management, and great reliance on knowledge. A successful organization will be one that is able to adapt to these characteristics in the best manner possible – by recruiting diverse, high-quality personnel possessing extensive professional knowledge and the ability to respond quickly to changing trends. The organization has no practical ability to ignore the high-quality, educated personnel that women constitute. Moreover, the organization cannot overlook the fact that women are still the main consumers in the home and, therefore, control the products that are consumed there. Due to these facts and many others, it is in the successful organization's basic interest to include women in the different ranks in the organizational spectrum.

This study, the first of its kind performed within Israel, aspires to validate these assumptions with respect to the Israeli economy and ground them in facts and figures, in line with similar studies performed elsewhere in the world.

Initiators of the Catalyst Census in Israel,
The Strauss Group & The Israel Women's Network

³⁵ Increasing Diversity on Public and Private Director Boards, Part II, 45 (Government Equalities Office, UK 2009)

³⁶ New ASX Corporate Governance Council Recommendations on Diversity – Media release, 7 December 2009
http://203.15.147.66/about/pdf/mr_071209_asx_cgc_communique.pdf

³⁷ Companies Law, Section 239 (Israel Securities Authority 1999)
www.isa.gov.il/Download/IsaFile_958.pdf

³⁸ Government Companies Authority, 2009. Staffing of Boards of Directors in Government Companies

³⁹ Thus, for example in the 2007 academic year, 1,044 women completed their Master's Degree in Business and in Management Sciences and 645 in Law. See Tables 7 and 8 – *Recipients of Second and Third Degrees in Universities, Selected Professions of Study by Gender*, the Council for Higher Education website.



